

Benyam and Paula R. Mulugeta  
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Debtors in Possession

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA

In re:

Benyam and Paula R. Mulugeta )  
Debtors in Possession )

Case No. 09-01500 ASW

Chapter 11

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LONE OAK FUND, LLC. )

**DEBTORS RESPONSE TO LONE OAK  
FUND, LLC TO THE EXAMINATION OF  
WITNESS BY THE COURT**

Movant, )

V. )

BENYAM AND PAULA R. MULUGETA )

Respondents )  
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**TO THE HONARABLE ARTHUR S. WEISSBORDT UNITED STATES BANKRUPTCY JUDGE;**

**COMES NOW**, Debtors, Benyam and Paula R. Mulugeta, hereby submit the following respond to Lone Oak Fund LLC. objection to the court questioning the expert witness, Mr. Patrtick J. O'Malley, MAI, certified general real estate appraiser on February 16, 2010.

**I-Introduction**

1-Debtors have been in real estate business for over 25 years. Benyam Mulugeta has been licensed as a real estate broker for 25 years in the State of California. Debtors' holdings and main business is real estate. As a result, Debtors have extensive knowledge in real estate business.

2-In October, 2009 Debtors fired their legal counsel Mr. Scott Goodsell due to his lack of involvement in the case and his unwillingness to submit a plan of reorganization. Thus, at the present, until they find proper counsel Debtors are **forced** to represent themselves. Debtors are not lawyers, nor fully understand the legal processes. However, Debtors are very much knowledgeable about the real estate business which is central to this case. They are able to state the fact and the truth about this property, "Harrison" better than anybody, since they own the subject property for 7 years, knowing every aspect of the property, its value and its potential, better than Lone

Oak Fund, and its broker, William E. Purcell or its counsel, Mr. Simon Aron.

3- The property "Harrison" is the heart of Debtors estate. It is the property with most equity and essential for Debtors reorganization. It is a property which will allow Debtors to pay off all their creditors. The property was appraised by independent certified real estate appraiser on May 17, 2009 for the buyer Trading Spaces LLC for \$7,500,000.00 "AS IS". If Lone Oak Fund is allowed to foreclose, the whole case and the estate will be in serious jeopardy. Debtors believe the Evidentiary Hearing will prove to the court that the property "Harrison" has enough equity and essential for Debtors reorganization; thus, Lone Oak Fund motion for relief to be denied.

**II- Lone Oak Fund are trying to take ADVANTAGE of Debtors financial difficulties, the economic condition, and currently Debtors in pro per position, to take over the property. Debtors believe, the court in its inherent power and wisdom can be able to see thorough these bad faith behaviors. Thus, Debtors believe that the court has moral and legal responsibility to interfere when Lone Oak Fund try to take advantage of Debtors luck of legal knowledge and process. The fact that the court or our legal system allows the right for one to represent him or herself (proper) does not justify or warranty injustice to be practice in court of law. That is why; the constitution grants the judges INHERENT POWER TO DO JUSTICE in their court room. Debtors rejects Lone Oak Fund and its counsels assertion, the judge in exercising his Inherent Power to get to the truth and the facts, somehow this constitutes partiality or advocating, and representing the Debtors. Fairness is the core of our legal system, which protect the weak from the strong. Debtors submit; if Debtors would not have filed Chapter 11 and got protection and there is no legal recourse as bankruptcy, creditors like Lone Oak Fund would have a free ride to take people properties. Thank God for the bankruptcy system, and the wisdom of our founding fathers.**

**III. Lone Oak Fund bad faith behaviors are as follow:**

1-On March 16, 2009, Lone Oak Fund LLC, filed Ex Parte Application in Alameda County, for receivership to take over the property, "Harrison", which the state court dismissed it. Debtors forced to file Chapter 11 in order to get protection.

2- Lone Oak Fund knowing that Debtors had a buyer, Paresh Patel, whom Mr. Jerry Ducot and James Rothstein of Lone Oak Fund came to Oakland to qualify Mr. Paresh Patel in order for him to assume the loan on February, 2009; however, Lone Oak Fund, chose to file receivership to take over the property.

3- Lone Oak Fund has been advertising the property and sending flyers to prospective buyers, thus interfering with Debtors ability to sale the property

4- Lone Oak Fund and its trustee have been advertising the property for trustee sale every other week, thus further hindering the Debtors ability to sale the property.

5- NOW, the current bad faith trick is objecting the court to do its job in finding the facts and the truth about the case. Lone

Oak Fund will not stop from trying to pull every trick in the book to take over the property. Thanks God, there is court of law to protect Debtors from lender like Lone Oak Fund, who is trying to take advantage of Debtors financial difficulty to take over Debtors property. Lone Oak Fund LLC knows well that the property has enough equity, their interest is well protected. Debtors submit that Lone Oak Fund behavior is classic example of predatory lending practice. Debtors, hope the court should not be intimidated by Lone Oak Fund accusation and objection, of the court doing its job finding the truth and the facts. Further, Debtors believe one of the duties of the court to protect Debtors from creditor like Lone Oak Fund. The reason Debtors also filed Chapter 11 to get protection from lender like Lone Oak Fund LLC.

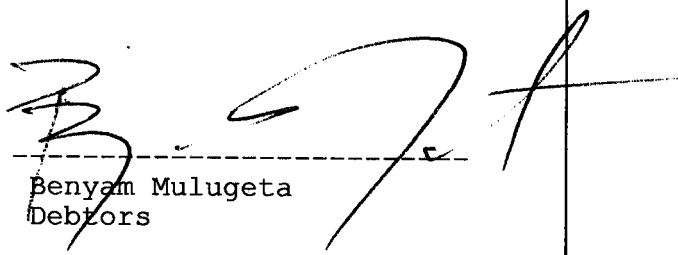
## II- THE INHERENT POWER OF THE COURT

Debtors urge the court to exercise its **inherent power**, ignoring Lone Oak Fund false allegation, to find the truth and the facts after hearing the experts' witnesses in this matter to make fair and equitable decision.

## III- CONCLUSION

For the foregoing reasons and facts, Debtors urged the court not to shy off from its responsibility to render justice in this case. Further, Debtors beg the court to exercising its '**INHERENT POWER**' by asking the questions to the witnesses the court finds it necessary to get to the truth and the facts which enable the court to make fair and equitable decision in this case.

Dated; March 5, 2010

  
Benyam Mulugeta  
Debtors